

Message Text

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43

ACTION EUR-12

INFO OCT-01 ISO-00 EB-04 RSC-01 /018 W

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R 011535Z NOV 74

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 2194

DEPARTMENT OF COMMERCE WASHDC

INFO AMEMBASSY VIENNA

LIMITED OFFICIAL USE BUDAPEST 3051

E.O. 11652: N/A

TAGS: BEXP, HU

SUBJ: DOW CHEMICAL SUBMITS APPLICATION FOR HUNGARIAN OFFICE

REF: BUDAPEST 2995

VIENNA FOR EWTC

1. DOW CHEMICAL EASTERN EUROPEAN MANAGER ALEX CROSSAN IN COMPANY OF EMBASSY ECONOFF CALLED ON SZIKLAI OF MFT OCT 29 TO DISCUSS IMPLICATIONS OF HUNGARIAN DECREE PERMITTING ESTABLISHMENT OF FOREIGN COMMERCIAL REPRESENTATION AND HAND OVER OF DOW'S FORMAL APPLICATION TO OPEN SUCH AN OFFICE. SZIKLAI ACCEPTED DOW'S APPLICATION SAYING HE WOULD PASS IT ON TO OFFICIALS, BUT POINTED OUT THAT SINCE DECREE ONLY EFFECTIVE BEGINNING JAN 1, 1975, OFFICIAL CONSIDERATION OF DOW'S REQUEST COULD BEGIN ONLY AT THAT TIME. THUS THREE-MONTH PERIOD WHICH MFT HAS TO CONSIDER APPLICATIONS WOULD APPARENTLY BEGIN JAN 1.

2. DOW, WHICH IS MOST EAGER TO BE FIRST U.S. FIRM TO OPEN REPRESENTATIVE OFFICE IN HUNGARY, IS ONLY COMPANY WHICH HAS CONTACTED EMBASSY THUS FAR CONCERNING ESTABLISHMENT OF OFFICE IN BUDAPEST AND IS, TO BEST OF OUR KNOWLEDGE, FIRST WESTERN FIRM TO SUBMIT FORMAL APPLICATION TO MFT. WE UNDERSTAND THAT A NUMBER OF JAPANESE COMPANIES WILL SOON BE SUBMITTING APPLICATIONS FOR REPRESENTATIVE OFFICES. WOULD
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APPRECIATE BEING INFORMED OF ANY SERIOUS INTEREST BY OTHER

U.S. COMPANIES IN POSSIBLE BUDAPEST OFFICES COMING TO
STATE'S OR COMMERCE'S ATTENTION.

3. IT IS OUR IMPRESSION THAT MANY OF THE PROCEDURES FOR
IMPLEMENTING DECREE HAVE YET TO BE WORKED OUT. ASIDE
FROM THE LACK OF TAX LEGISLATION NOTED IN REFTEL, A
FINAL DECISION HAS APPARENTLY NOT BEEN REACHED CONCERNING
WHICH TYPES OF FIRM'S APPLICATIONS WILL BE GIVEN PRE-
CEDENCE. IN RECENT CONVERSATION WITH EMBASSY ECONOFF,
CHAMBER OF COMMERCE PRESIDENT KALLOS DID NOTE THAT "IT
WAS POSSIBLE THAT PERMISSION WOULD BE GRANTED ONLY TO THOSE
FIRMS HAVING A SPECIFIED LEVEL OF TRADE TURNOVER AND STATED
THAT \$5 MILLION PER YEAR MIGHT BE A LIKELY CUT OFF POINT."
HE CONTINUED "THAT SERIOUS CONSIDERATION WAS BEING GIVEN
TO GIVING PREFERENCE TO FIRMS FROM OVERSEAS COUNTRIES."
(I.E., U.S. AND JAPANESE)
PEDERSEN

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